

# **BAVARIA AND THE UNITED STATES**

## **I. Economic and Business Connections**

### **A. Investment**

#### **U.S. Investment in Bavaria**

- The book value of U.S. investment in Bavaria: €6.1 billion (\$ 8.5 billion) (2006 figure)
- Since 1999 “Invest in Bavaria”, an agency created to attract foreign firms to Bavaria was involved in 120 investment projects of U.S. firms, worth €1 billion (\$1.4 billion) leading to 2,600 new jobs.
- While Invest in Bavaria in 2007 still monitored 30 establishments and expansions of U.S. companies in investing more than €270 million (\$378 million), generating 650 new jobs in Bavaria, these figures in 2008 decreased to €50 million (\$70 million) and 250 jobs, which assumedly is due to the financial and economic crisis.

#### **U.S. Firms in Bavaria**

- There are about 850 U.S. firms with operations in Bavaria.
- Largest U.S. firms headquartered in Bavaria by number of employees in Germany:
  - McDonald’s: 55,000 employees
  - Burger King: 23,000 employees
  - General Electric: approx. 9,000 employees
  - Philip Morris: around 2,700 employees
  - Microsoft: 2,200 employees
- Other Significant U.S. employers in Bavaria:
  - AGCO GmbH, Industry: Farm machinery and equipment, Number of employees: 3,260, US parent company: AGCO Corporation
  - Kennametal Produktions GmbH & Co. KG, Industry: tooling, engineered components and advanced materials, Number of employees: 3,500, U.S. parent company: Kennametal Inc.
  - MSD Sharpe & Dohme GmbH, Industry: Pharmaceutical, Number of employees: approx. 1,300, US parent company: Merck & Co. Inc.
- Total number of employees in U.S. firms in Bavaria: 57,000 (2007 figure)

#### **Recent U.S. Investment Success Stories**

- April 2009 US Corporation Grote Industries, a leading manufacturer of lighting systems opened its European headquarters in Niederwinkling near Straubing
- March 2009 Intel opened the Intel Open Lab Munich, one of two European innovation hubs fostering cooperation between Intel, industry and academia
- December 2008 AGCO announced it would invest a total of €170 million by 2012 in the two productions sites of the tractor manufacturer Fendt in Swabia in order to further increase the production (currently 3,100 jobs)
- October 2008, Microsoft announced they would create one of three search technology centers in Munich (no job/ investment number available)

- July 2008 Ingram Micro opened the extension of its distribution center in Straubing, making it the largest European IT distribution center
- June 2008: General Electric opened an aeronautics research facility in Regensburg. The goal was to develop new materials for turbines (no job/ investment numbers available).

### **Bavarian Investment in the U.S.**

- There are approximately 750 Bavarian firms in the U.S. (2007)
- Number of U.S. employees in Bavarian parent firms: 142,000 (2007)

### **Bavarian Firms in the U.S.**

Largest Bavarian firms in the U.S. by number of employees

- Siemens USA Holdings: 69,000 employees in the U.S.(2008)
- Allianz North America: 10,627 employees in the U.S (2008).
- Adidas America: approx. 9,000 employees in the U.S.
- BMW: 5,400 direct hires in U.S. plants (plus estimated 4,700 in direct jobs created through suppliers and retailers)
- Linde: 4,940employees in the U.S.

### **Allianz SE in the U.S.**

- Allianz employs over 10,627 people (5.8 percent of total staff) in the United States. It has significant presences in the following metropolitan areas: San Francisco, CA, Minneapolis, MN, Richmond, VA, Baltimore, MD, Dallas, TX, San Diego, CA, Newport Beach, CA, Los Angeles, CA, St. Louis, MO, Chicago, IL, New York, NY, and Bethlehem, PA.
- The U.S. is Allianz's third largest market for asset management accounting for 59 percent of all third-party assets under management.

### **BMW**

- BMW has been present in the United States since 1975. BMW's factory in South Carolina is part of BMW Group's global manufacturing network and is the exclusive manufacturing plant for all X5 and X6 Sports Activity Vehicles.
- The BMW site in South Carolina employs 5,000 persons. Since its creation in 1993 BMW invested USD 4.2 billion in this facility, which triggered off investment among regional suppliers of USD 2.1 billion. The plant has a job multiplier of roughly four, meaning for every job created at the plant, nearly three more jobs are created throughout the state. • With 303,639 vehicles sold in 2008, the U.S. is BMW's single biggest market accounting for 21.1 percent of total sales (Germany: 19.6 percent).

### **Munich Re-Branches in the U.S.**

- Munich Reinsurance America, which is headquartered in Princeton, N.J., is with 3.6 \$ billion in annual gross written premium in 2007 one of the largest reinsurers in the U.S.
- MEAG Munich ERGO Asset Management GmbH: MEAG is the asset manager for Munich Re and ERGO Insurance Group. The main office of MEAG New York Corporation is 540 Madison Ave, 6th Floor New York, NY 10022.
- Munich American Reassurance Company (MARC): MARC, founded in 1959 as the U.S. life and health reinsurance subsidiary of the Munich Re Group, currently has offices in Atlanta and Chicago.

## **B. Bilateral Trade between the U.S. and Bavaria**

- The U.S. has been Bavaria's most important export destination for years. Still ranking number one in 2008, the value of exports from Bavaria to the United States was €14,889 million, which accounts for more than 20 percent of all German exports to the United States.
- Due to the economic crisis of 2008/2009, Bavarian exports to the U.S. decreased by over 30 percent in the first quarter of 2009 (compared to first quarter of 2008).
- Main export industries:: Vehicles: 30 percent, Machinery: 17 percent, Electronic goods: 11 percent, Chemical/Plastics/Pharmaceuticals: 8 percent, Food: 5 percent).
- At the same time imports from the U.S. to Bavaria increased by almost 13 percent in the first quarter of 2009 (compared to first quarter of 2008).

## **II. People-to-People Connections**

### **A. Tourism from the U.S.**

- The U.S. is the second biggest source of tourists from abroad to Bavaria with about 1.266.705 (2008 -> - 9.2%) million overnights after the Netherlands (1.413.462 million overnights 2008) and followed by Italy (1.062.846 million overnights. With average expenditure per overnight running at €190 per overnight American tourists spend an estimated €265 million per year in Bavaria.

### **B. Resident Citizens and Emigrants**

#### **Movement of People Setting up Residency in Bavaria or the U.S.**

	From the U.S. to Bavaria	From Bavaria to the U.S.
2004	3,390	3,009
2005	3,392	3,397
2006	3,099	3,620

- Number of Americans in Bavaria: 55,000.
- Number of Americans in Munich: approx. 5.500.
- Direct flights from Bavaria to the U.S.: Atlanta, Boston, Charlotte, Chicago, Los Angeles, New York, Philadelphia, San Francisco, and Washington.
- Every year AmConGen Munich issues 820 student visas and 3,500 cultural exchange visas, and 6000 visa for students and exchange visitors.
- In 2007/2008, 2,375 pre university exchange students went to the US, while 1,485 American exchange students visited Bavaria

## **III. Research & Technology Connections**

### **A. Universities and Technical Colleges**

- In 2000 Bavaria founded the Bavaria California Technology Center (BaCaTec) to foster joint research of Bavarian and Californian universities in various fields of life sciences, environmental technologies, information and communication technology and mechatronics. As of July 2009, there have been 299 joint research projects, on which BaCatec spent about €1.6 million.
- Because of the successful cooperation with California, extension to Florida, Georgia, and South Carolina is under review.
- There are 245 exchange programs between American and Bavarian universities
- Number of U.S. students in Bavaria (winter term 2008/2009): 380.

- Number of university partnerships: 245.

## B. Research Institutes

- **Fraunhofer Institute:** Fraunhofer Institute focuses on applied research and the transfer of its R&D activities to businesses. The Institute, which is headquartered in Munich, operates 57 institutes throughout Germany at 40 different locations. Furthermore Fraunhofer runs seven research institutes in the U.S., whose activities are coordinated by Fraunhofer's U.S. headquarters in Plymouth, Michigan.
  - Fraunhofer Institutes in the U.S.: Fraunhofer Center for Coatings and Laser Applications in Michigan; Fraunhofer Center for Experimental Software Engineering in Maryland; Fraunhofer Institute for Laser Technology in Michigan; Fraunhofer Center for Manufacturing Innovation in Massachusetts. Fraunhofer Center for Molecular Biology in Delaware; Fraunhofer USA Digital Media Technologies in California; Fraunhofer Center for Sustainable Energy Systems in Massachusetts Each of these centers is affiliated with at least one of the Fraunhofer Institutes in Germany. By its presence in the U.S. Fraunhofer gains access to a broader range of scientific expertise. Being present in the U.S. also allows Fraunhofer's German employees to gain additional working experience in an international research environment.
- **Max Planck Society:** The Max Planck Society for the Advancement of Science is a research organization doing basic research at its own institutes. The headquarters of the Society are in Munich. Max Planck Society has the following links to the U.S.:
  - Contractual partnership with the Stanford University on "Visual Computing and Communication, supported by the German Federal Science Ministry
  - Contractual partnership with the University of California on materials research.
  - Max-Planck Institutes have plenty of bilateral projects with U.S. partners
  - In 2008, 384 junior and visiting scientists from the U.S. worked as visiting scientist in German Max Planck institutes.
  - 15 members of the 267 scientists at the Max Planck Society are Americans. They are the largest group of non-German directors.
  - Max Planck will soon establish an institute in Florida, which is to focus on bioimaging. Funding of \$ 180 million will come from the State of Florida and Palm Beach County. The Institute will become a part of the local biotech cluster. Our contacts Max Planck told us that the Institute would be a milestone in its U.S. activities. The Max Planck Florida Institute opened its first scientific department in summer 2009 and will plans to officially open its new facilities in 2011.

## IV. Educational and Cultural Exchanges

### A. Foundations

- **Hanns-Seidel Foundation (close to the CSU):** Hanns-Seidel Foundation, named after one of the founders of the CSU, has a liaison bureau in Washington D.C. The task of the bureau is to reach out to the U.S. administration, Congress, international organization and relevant societal groups to deepen the German-American partnership and transatlantic cooperation.
- **BMW Stiftung Herbert Quandt:** BMW Stiftung Herbert Quandt U.S.-related activities rest on three pillars. The foundation uses BMW's offices and conference facilities to host functions in the U.S.. It is the organizer of the Transatlantic Forum, which is a German American Young Leaders' conference. It annually convenes approximately 50 young professionals from business, politics, media, science and art from both side of the Atlantic. Since 1995 a large network has developed among the more than 250 Transatlantic Forum Alumni. This network is supported by the BMW Foundation Herbert Quandt. Together with Paul H. Nitze School for International Studies and the European excellence network GARNET, BMW Stiftung Herbert Quandt hosts the Transatlantic Economic Dialogue, which is an annual conference on trade issues. The first conference took place in Washington D.C. in March 2008 and addressed the roles of the U.S. and Europe in the international multilateral trading system. The second Transatlantic Economic Dialogue conference was held in Berlin in March 2009 on the topic "International Financial Governance – Shaping the Future of the Global Economy?"

### B. Partnerships

- There are 32 sister city partnerships with the U.S.: **Ansbach** and Bay City, MI; **Augsburg** and Dayton, OH; **Bad Königshofen i. Grabfeld** and Arlington, TX; **Coburg** and Garden City, NY; **Erkheim** and Texas (State); **Erlangen** and Greater Richmond, VA; **Friedberg** and LaCrosse, WI; **Fürstenfeldbruck** and Wichita Falls, TX; **Füssen** and Helen, GA; **Garmisch-Partenkirchen** and Aspen, CO; **Guenzenhausen** and Frankenmuth, MI; **Hof** and Ogden, UT; **Kronach** and Greenville, MS; **Landsberg a. Lech** and Hudson, OH; **Lichtenfels** and Vandalia, OH; **Memmingen** and Glendale, AZ; **Moosburg a. d. Isar** and Rochester, MN; **München** and Cincinnati, OH; **Neusäß** and Redwood Falls, MN; **Neustadt a.d. Waldnaab** and Hays, KS; **Nittenau** and Lake Zurich, IL; **Nürnberg** and Atlanta, GA; **Passau** and Hackensack, NJ; **Regensburg** and Tempe, AZ; **Rödental** and Eaton, OH; **Scheßlitz** and Victoria, KS; **Spalt** and St. Cloud, MN; **Tegernsee** and Ketchum, ID; **Vilshofen** and Cedar Grove, NJ; **Waldsassen** and Thurston, NE; **Wasserburg a. Inn** and Vincennes, IN; **Würzburg** and Rochester, NY

## V. U.S. Military Presence

- Bavaria is host to the largest contingent of U.S. Army forces in Europe.
- **Military Installations of the U.S. in Bavaria:** Grafenwöhr, Vilseck, Hohenfels, Ansbach, Bamberg, Schweinfurt, Garmisch-Partenkirchen.

*U.S. Consulate Munich. August 2009.*